



# DCMC LEGAL ISSUES

DCMC 1999 ACO/TCO  
Conference

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# BACKGROUND

- Consolidation of Defense Industry
- Emergence of Significant Cost Allowability Issues
- Precedent-setting and High Dollar Cases
- DCMC Legal Practice Group Established



# PENSION COST LITIGATION

- Legal Issues Involve Overfunded and Underfunded Contractor Pension Plans
- Significant Cases Pending Before Court of Federal Claims
  - Teledyne
  - General Electric
- New Cases Emerging
- Justice Department's Role



# ENVIRONMENTAL LITIGATION

- Lockheed Martin Lawsuit Pending
  - Federal District Court (CA)
  - \$500 Million Claim under Environmental Laws
  - Settlement Negotiations Ongoing
  - Related DoD Contract Claims



# ENVIRONMENTAL COST LITIGATION (cont.)

- Related California State Court Litigation
  - Involves Lockheed Martin's Insurers
  - Cases may impact a contractor's ability to obtain insurance proceeds and credit DoD contracts
  - Government's provisional payments to contractors at issue



# CONTRACTOR STATE TAX REFUNDS

- Basis for Government's Entitlement to Refunds
  - FAR Credits and Taxes Cost Principles
  - FAR Contract Clauses (Taxes)
- Contractor Challenges to Government's Claim of Entitlement
  - Hughes Aircraft
  - General Dynamics